

LAND BOARD AGENDA ITEM
July 18th, 2011

FINAL APPROVAL FOR SALE OF LAND BANKING PARCEL
582
LEWIS & CLARK COUNTY

Seller:	State of Montana, Department of Natural Resources and Conservation
Nominators:	Parcel 582 – Lessee, Mark J. Pieloch
Location:	Parcel 582 - is located 8 miles east of Craig, on the remote north fork of Stickney Creek.
Property Characteristics:	Parcel 582 – The annual grazing lease on this parcel generates \$24.48. The commercial timber value of the parcel is marginal due to the location of the merchantable stands, relatively poor quality timber and the presence of rock outcrops. Development of the parcel for commercial harvest would require extensive road construction on adjacent private lands and line skidding on steep slopes. With very high to extreme development costs (if any viable route could even be located), and very low timber value (the MPB killed and blue stained Ponderosa Pine will never rebound in value), the tract, even though nearly 100% forested, is not a commercial forest management opportunity for the school trust.
Access:	Parcel 582 - There is no legal public access to this parcel. The lands in section 36, T16N, R2W are isolated by private lands. The BLM does own a parcel adjacent to the state parcel on the east side; however their lands are also land locked by private lands.
Economic Analysis:	<p>Short term – The rate of return on the sale parcel is 0% for Common Schools. They would continue to receive this return if the parcel is not sold.</p> <p>Long term – The sale of this parcel would result in acquisition of lands that generate a higher rate of return. To date the average annual rate of return on acquisitions has been 1.91%, on acquisitions with income generated from annual lease payments.</p>

Cultural/Paleontological Resources:

Section 36, T16N R2W was inventoried to Class III standards for cultural and paleontological resources in 2010. A formal report of findings (*Cultural Resources Inventory of Section 36, T16N R2W: Lewis and Clark County, Montana*) was prepared and is on file with the DNRC and the State Historic Preservation Office. No *Antiquities*, as defined under the Montana State Historic Preservation Act, were identified. The underlying geology does not include Judith River or Hell Creek Formations.

Background:

In November 2010, the Board approved these parcels to continue through the Land Banking sale evaluation process. In May 2011 the Board set the minimum bid at the appraised value with access as follows:

Sale #	# of Acres	Legal	Minimum Bid	Price/Acre	Beneficiary
582	692.62	Lots 1-8, E1/2W1/2, W1/2E1/2 Sec. 36, T16N, R2W	\$485,000	\$700	Common Schools
Total Sale Price			\$485,000		

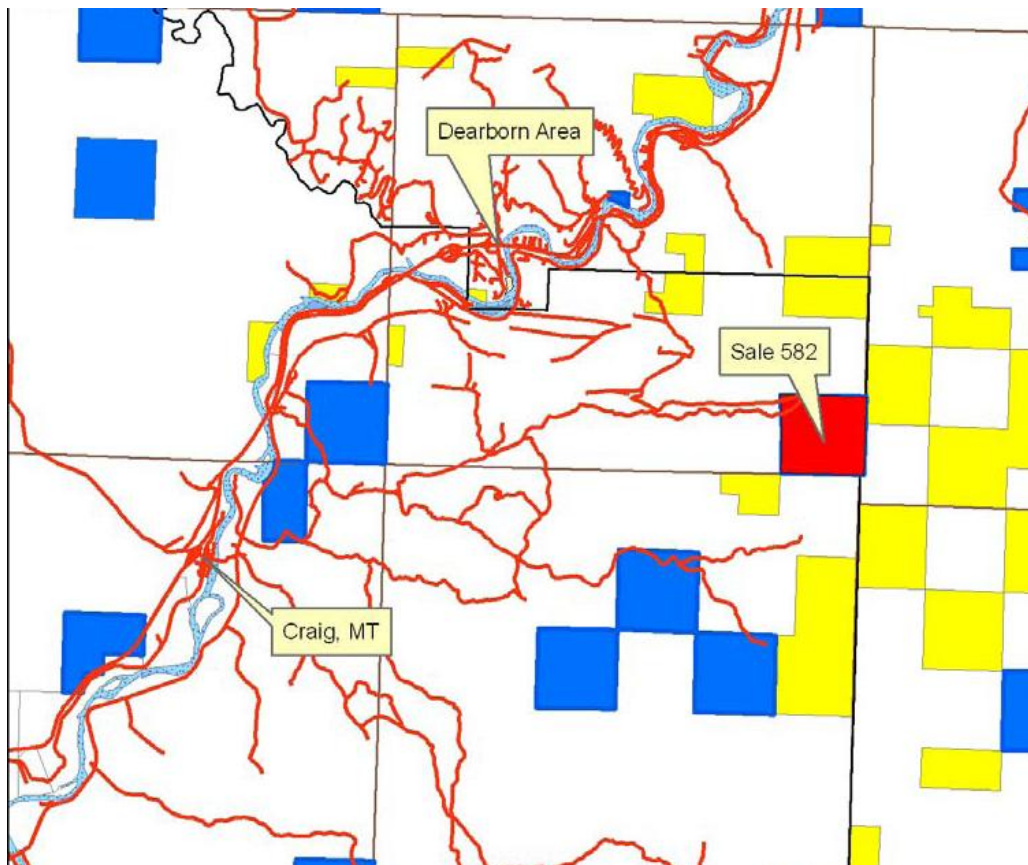
Sale Price:

This parcel was sold at public auction on July 1, 2011. The parcel had only one bidder, and was sold for the minimum bid amount listed above. The total for the above sale is \$485,000.

Recommendation:

The Director recommends final approval of Land Banking Sale #582 for the purchase price listed above. The sale will be closed within 30 days of approval.

Sale #582 Location Map



Sale #582

